

AD-A223 327

USAWC MILITARY STUDIES PROGRAM PAPER

The views expressed in this paper are those of the author and do not necessarily reflect the views of the Department of Defense or any of its agencies. This document may not be released for open publication until it has been cleared by the appropriate military service or government agency.

PERESTROIKA: THE END GAME

An Individual Study Project
Intended for Publication

by

Lieutenant Colonel George H. Selden, Jr., AD
Colonel John C. Reppert, SC
Project Adviser

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
9 April 1990

90 06 26 091

DTIC
ELECTE
JUN 27, 1990
S B D



Accession For	
NTIS	CRA&I
DTIC	TAB
Unannounced	
Justification	
By	
Distribution /	
Availability Codes	
Dist	Avail and/or Special
A-1	

REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle) PERESTROIKA: THE END GAME		5. TYPE OF REPORT & PERIOD COVERED Study Project
7. AUTHOR(s) Lt. Col. George H. Selden Jr., AD		6. PERFORMING ORG. REPORT NUMBER
9. PERFORMING ORGANIZATION NAME AND ADDRESS		8. CONTRACT OR GRANT NUMBER(s)
11. CONTROLLING OFFICE NAME AND ADDRESS		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
12. REPORT DATE 9 April 1990		13. NUMBER OF PAGES 86
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report) Unclassified
15a. DECLASSIFICATION/DOWNGRADING SCHEDULE		
16. DISTRIBUTION STATEMENT (of this Report) Approved for public release; distribution is unlimited		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number)		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number) <p>Since Mikhail Gorbachev came to power in 1985, we have been witness to changes in the Soviet Union and Eastern Europe that have been described as unprecedented, irreversible, and certainly breathtaking in terms of their pace. We in the West have had little time to digest and interpret these changes with regard to the long-term effects on the national strategies and policies of the Western Alliance in general and the United States in particular.</p> <p>Our practical relations with the Soviet Union must be based upon a clear</p>		

understanding of the goals of perestroika and a high degree of confidence that consistency exists between Gorbachev's declaratory policy and the actions, or operational policy, of the Soviet Union. A key aspect of this analysis is the increasingly more certain assumption that the revolutionary changes that have been taking place in the Soviet Union (and most particularly in Eastern Europe) have been the logical consequences of deliberate Soviet policy decisions designed to encourage critical thinking and democratization.

Gorbachev is attempting to use theoretical Marxism-Leninism to justify his actions and as such has proscribed a rather broad axis of advance for perestroika. As long as Gorbachev continues to adhere to this policy of justification, his actions--even the seemingly most doctrinally divergent ones--are limited by at least the fundamental tenets of the doctrine. The purpose of this commentary, therefore, is to suggest that Gorbachev has had a "grand plan"--regardless of the day-to-day control he is able to exert over that plan--and to look for support for the thesis that Gorbachev's plan is justifiable in Marxist-Leninist doctrine. By suggesting a socialist rationale for events associated with perestroika and by searching for consistency--to the extent that consistency ever exists in politics--between socialist rhetoric and Soviet behavior, it may be less difficult to predict the long-term direction of Soviet behavior, the end game, and thus easier to assess the policy implications for the United States, regardless of whether socialism is a genuine goal of perestroika or simply a tactical means to some other end state.

Unclassified

USAWC MILITARY STUDIES PROGRAM PAPER

The views expressed in this paper are those of the author and do not necessarily reflect the views of the Department of Defense or any of its agencies. This document may not be released for open publication until it has been cleared by the appropriate military service or government agency.

PERESTROIKA: THE END GAME

An Individual Study Project
Intended for Publication

by

Lieutenant Colonel George H. Selden, Jr., AD
Colonel John C. Reppert, SC
Project Adviser

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.



U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
9 April 1990

Accession For	
NTIS	CRA&I <input checked="" type="checkbox"/>
DTIC	TAB <input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
By	
Distribution /	
Availability Codes	
Dist	Avail and/or Special
A-1	

ABSTRACT

AUTHOR: George H. Selden, Jr., LTC, AD

TITLE: *Perestroika: the End Game*

FORMAT: Individual Study Project

DATE: 9 April 1990 **PAGES:** 83 **CLASSIFICATION:** Unclassified

Since Mikhail Gorbachev came to power in 1985, we have been witness to changes in the Soviet Union and Eastern Europe that have been described as unprecedented, irreversible, and certainly breathtaking in terms of their pace. We in the West have had little time to digest and interpret these changes with regard to the long-term effects on the national strategies and policies of the Western Alliance in general and the United States in particular.

Our practical relations with the Soviet Union must be based upon a clear understanding of the goals of *perestroika* and a high degree of confidence that consistency exists between Gorbachev's declaratory policy and the actions, or operational policy, of the Soviet Union. A key aspect of this analysis is the increasingly more certain assumption that the revolutionary changes that have been taking place in the Soviet Union (and most particularly in Eastern Europe) have been the logical consequences of deliberate Soviet policy decisions designed to encourage critical thinking and democratization.

Gorbachev is attempting to use theoretical Marxism-Leninism to justify his actions and as such has proscribed a rather broad axis of advance for *perestroika*. As long as Gorbachev continues to adhere to this policy of justification, his actions--even the seemingly most doctrinally divergent ones--are limited by at least the fundamental tenets of the doctrine. The purpose of this commentary, therefore, is to suggest that Gorbachev has had a "grand plan"--regardless of the day-to-day control he is able to exert over that plan--and to look for support for the thesis that Gorbachev's plan is justifiable in Marxist-Leninist doctrine. By suggesting a socialist rationale for events associated with *perestroika* and by searching for consistency--to the extent that consistency ever exists in politics--between socialist rhetoric and Soviet behavior, it may be less difficult to predict the long-term direction of Soviet behavior, the end

game, and thus easier to assess the policy implications for the United States, regardless of whether socialism is a genuine goal of *perestroika* or simply a tactical means to some other end state.

INTRODUCTION

Since Mikhail Gorbachev came to power in 1985, we have been witness to changes in the Soviet Union and Eastern Europe that have been described as unprecedented, irreversible, and certainly breathtaking in terms of their pace. What seems clear is that we in the West have had little time to digest and interpret these changes with regard to the long-term effects on the national strategies and policies of the Western Alliance in general and the United States in particular. Since all of the Stalinist regimes have fallen in Eastern Europe, it is imperative that we pause, take that figurative deep breath, and attempt to interpret more precisely what is taking place behind the rubble of the Iron Curtain.

It may be useful to begin such an analysis with what seems relatively clear and proceed toward the more ambiguous aspects of *perestroika* in an attempt to establish the existence of an emerging strategy--beyond that which has been unearthed by analyses to date. Without a clearer view of the Soviet strategy--or end game--our responses to the continuing initiatives of Mikhail Gorbachev will remain short sighted and reactive.

A key aspect of this analysis is the increasingly more certain assumption that the revolutionary changes that have been taking place in the Soviet Union (and most particularly in Eastern Europe) have been the logical consequences of deliberate Soviet policy decisions designed to encourage critical thinking and democratization. In the early stages of *perestroika*, a rather good case could have been made that changes were resulting from seized opportunities by Eastern European nations during a period of Soviet inability or unwillingness to act. While elements of this thesis were and still are valid, we must consider quite seriously Gorbachev's own explanation that even though the pace and scope of change might seem uncontrollable, "it is not necessary to panic when revolutionary processes become a reality. It was we who produced them with our policy. Didn't we understand this when we discussed all this?"¹

If Gorbachev has set in motion the initiatives of the past months, then what can be the rationale? A wealth of scholarly work exists which attempts to address the question of why *perestroika*.² These early assessments can be grouped into three, broad schools of thought regarding the genesis and direction of *perestroika*. First, there is the belief that *perestroika* has been brought on by an exceptionally poor economic situation in the Soviet Union which justifies change, but change designed to "jump

start" the economy and ultimately preserve the status quo ante; secondly, a widespread popular belief is that our containment policy has resulted not only in a bankrupt Soviet economy, but also in the acknowledgment that communism is dead as an economic, social, and political model and the Soviet Union is headed toward a non-Communist system; and, lastly, *perestroika*, although born from dire economic conditions, represents an attempt to restructure the Soviet Union as a more efficient and perhaps a more Communist state which is better able to compete with the West.

Gorbachev himself lends support to the idea that the Soviet Union is not restructuring simply because of current economic difficulties and may in fact give us real insight into the true direction of *perestroika* when he says that:

There are different interpretations of *perestroika* in the West, including the United States. There is the view that it has been necessitated by the disastrous state of the Soviet economy and that it signifies disenchantment with socialism and a crisis for its *ultimate* goals. Nothing could be further from the truth than such interpretations, whatever the motives behind them.³

Gorbachev goes on to say that:

Of course, *perestroika* has been largely stimulated by our dissatisfaction with the way things have been going in our country in recent years. But it has to a far greater extent been prompted by an awareness that the potential of socialism had been underutilized.⁴

In order to accept or reject Gorbachev's assertion that *perestroika* does not represent a disenchantment with socialism and a crisis for its ideals and ultimate goals, it is first necessary to understand what Gorbachev means by "ultimate." Considerable debate could be generated over the topic of socialist goals were it not for Gorbachev's use of the adjective "ultimate." If Marx himself were asked to explain this phrase, most probably he would describe the inevitable progression of economic systems from feudalism, through capitalism, and finally to communism as the ultimate objective or goal. It is essential to appreciate that Marx considered this progression to socialism, or communism, to be scientifically based. In other words, while man might be able to postpone this economic transition to communism, he could not prevent it; sooner or later, communism would emerge the victor.

If consensus could be reached on this meaning of "ultimate objective," then it could be deduced further that the declaratory nature of *perestroika* was consistent with the "scientific" goal of eventually supplanting the Capitalist economic system with communism. An examination could then begin with the intent of evaluating Soviet operational policy in an attempt to find support for the thesis that

perestroika has an international, competitive economic dimension that could eventually place either all or part of the Western market countries in a position of relative economic disadvantage.

Specifically, with regard to socialism as the genuine goal of *perestroika* (rather than just a means to some other end), Gorbachev--at peril of being accused of whistling past the graveyard--tells us that:

We will proceed toward better socialism rather than away from it. We are saying this honestly, without trying to fool our own people or the world. Any hopes that we will begin to build a different non-socialist society and go over to the other camp are unrealistic and futile. Those in the West who expect us to give up socialism will be disappointed. It is high time they understood this, and, even more importantly, proceed from that understanding in practical relations with the Soviet Union.⁵

Since our "practical" relations with the Soviet Union cannot be based upon their declaratory policy alone, we must have a clearer understanding of the goals of *perestroika* and a high degree of confidence that consistency exists between Gorbachev's declaratory policy and the actions, or operational policy, of the Soviet Union. There will always be friction between Gorbachev's intention for *perestroika* and the actual direction in which reform will proceed. In this regard, the methods that Gorbachev--always the master politician--is employing to bring about *perestroika* appear to be based on a mixture of theoretical and practical

Marxism-Leninism. As a result, it is extremely difficult to ever take him literally since he is involved in an historic internal struggle with powerful factions and hostile interest groups for whom, it is said, he is trying to be both the pope and Martin Luther simultaneously.

Consequently, many of Gorbachev's public statements and ultimate actions seem to be not only internally contradictory, but also doctrinally unsupportable. While, arguably, the doctrinal and practical antecedents for Gorbachev's statements and actions can be found, one should never discount his need to bring along--or disarm--the aforementioned groups until support for *perestroika* can be mobilized on a broader basis. This does not necessarily mean, however, that if the tactics employed, or the short-term direction of reform, seem inconsistent with the original intentions for *perestroika* that there never was a grand plan or that if there was a plan, Gorbachev has been forced to abandon it altogether.⁶

Gorbachev claims that Marx and Lenin did not leave a "road map" to socialism and thus it is up to the current generation of leaders to interpret correctly Marxist doctrine in light of the realities of today.⁷ It is by no means clear whether this logic simply represents an attempt to retain political legitimacy in a state founded on the principles of Marxist scientific socialism or genuinely reflects the determination of the Soviet

leadership to employ Marxist-Leninist methods actually to achieve socialism. What is clearer, however, is that Gorbachev is attempting to use theoretical Marxism-Leninism to justify his actions and as such has proscribed a rather broad axis of advance for *perestroika*. As long as Gorbachev continues to adhere to this policy of justification, his actions--even the seemingly most doctrinally divergent ones--are limited by at least the fundamental tenets of the doctrine.

While liberal interpretations of that doctrine have thus far defied predictability, it is possible to see (at least in hindsight) a Marxist-Leninist theoretical justification for Gorbachev's actions to date. The crucial question remains, however, whether the Soviet Union, under Gorbachev, is still striving for the establishment of a scientific, economic model, the ultimate objective of which is to displace--not to coexist with--Western, market-economy models. If our assessments lead us to conclude that such is in fact the case, then our economic policies (at a minimum) ought to acknowledge that judgment in the alliances we encourage and support and the business practices we employ. The purpose of this commentary, therefore, is to suggest that Gorbachev has had a "grand plan"--regardless of the day-to-day control he is able to exert over that plan--and to look for support for the thesis that Gorbachev's plan is

justifiable in Marxist-Leninist doctrine. By suggesting a socialist rationale for events associated with *perestroika* and by searching for consistency--to the extent that consistency ever exists in politics--between socialist rhetoric and Soviet behavior, it may be less difficult to predict the long-term direction of Soviet behavior, the end game, and thus easier to assess the policy implications for the United States, regardless of whether socialism is a genuine goal of *perestroika* or simply a tactical means to some other end state.

THE LEGACY OF MARX AND LENIN

At the risk of oversimplifying Communist economic theory, what Marx was concerned about was the exploitation of employment. By that he meant that those who owned the means of production in Capitalist societies would invariably exploit those who worked for them in order to maintain and increase their own profits (surplus value). From this view, Marx deduced that it was the existence of private property and private profit that inevitably lead to the exploitation of employment. Marx believed that the workers would eventually tire of Capitalist exploitation and would rise in revolt against their economic masters. He wrote that

once the Capitalists were overthrown in the revolution, the so-called proletariat--the workers--would take over ownership of the means of production and assume their correct role as the new "dictators" telling the state--which had been organized and refined in order to sustain the interests of the Capitalists--what it must do and how it must operate in order now to support them and their economic and social efforts. In theoretical Marxism, the concept of utopian democracy--where the voice (or will) of the people is not just considered, but is omnipotent--is derived from Marx's belief that as the workers became more economically efficient (through the establishment of communes or collectively-owned means of production) and politically and socially altruistic (in a utopian-man sense which eliminates all class distinctions), the need for a state would wither away until it ceased to exist at all.

The gains of Soviet-style socialism notwithstanding, it would a futile exercise to support the idea that the Soviet Union is a Communist state in the Marxist sense. From almost every perspective: the existence of the Communist Party structure; State ownership of the means of production; a centralized and planned economy; and, a powerless and ineffectual proletariat, the Soviet Union represents virtually the antithesis of what Marx envisioned. This is where Lenin comes into the picture. As the

father of the Russian revolution, Lenin can be thought of as Lenin the theoretician and Lenin the politician. As the theoretician, he maintained considerable respect for the ideals of Marxism, but as a politician, Lenin was forced to deal with the day-to-day realities of consolidating a country devastated by a world war, revolution, foreign intervention, and civil war. Lenin the theoretician supported democracy, self-determination, debate, and different roads to socialism--as long as the end state was socialism--while Lenin the politician developed War Communism with the abolishment of private property, the nationalization of banks and major industries, and the development of the *Cherezvychainaya Komissiya* (Cheka), the forerunner of the KGB. In the end, however, it was also Lenin who admitted the error of War Communism and began the New Economic Policy which restored the idea of profit through private ownership of peasant farms--although the State retained control over such key areas as banking, transportation, heavy industry and foreign trade--and also reduced the scope of intimidation of political and social opponents by the Cheka.

As Winston Churchill put it, "Russia suffered two great tragedies--one was Lenin's birth; the other was his death." Perhaps unfortunately for communism, Lenin died in 1924 and the policies and proteges he

supported were brutally purged in the process of building a one-man dictatorship that Russified Marxism by linking it to a campaign of terror and repression. Gorbachev has taken great care to document his thesis that what has taken place in the Soviet Union after the death of Lenin has not necessarily been "scientific" and "...did not always accord with socialist principles, with socialist ideology and philosophy"⁸ envisioned by Marx and Lenin. Instead, Gorbachev contends that the post-Leninist era in the Soviet Union employed "...methods and forms of social management that arose under specific historical conditions [as opposed to Marxist scientific conditions] in the early stages of socialist development"⁹--the discredited Stalinist era. Many believe Stalin's policies of collectivization of agriculture (which ended significant private agriculture), political and social purging of opposition, and diminishment of the consumer sector of the economy in favor of heavy industry and defense, placed the Soviet Union on the path to social and economic ruin sufficient to demand the current restructuring.

By discrediting the post-Leninist era, Gorbachev points us toward Lenin and particularly his last writings as a guide for understanding at least what appear to be some tactics of *perestroika*:

Turning to Lenin has greatly stimulated the Party and society in their search to find explanations and answers to the questions that have arisen. Lenin's works in the last years of his life have drawn particular attention....I refer to Lenin's tenets on the need for taking into account the requirements of objective economic laws, on planning and cost accounting, and intelligent use of commodity-money relationships and material and moral incentives....Today we have a better understanding of Lenin's last works, which were in essence his political bequest....He saw that socialism was encountering enormous problems and that it had to contend with a great deal of what the bourgeois revolution had failed to accomplish. Hence the utilization of methods which did not seem to be intrinsic to socialism itself or, at least, diverged in some respects from the generally accepted classical notions of socialist development.¹⁰

Perhaps the message we ought to take from Gorbachev is don't confuse Lenin's tactics--and thus those of *perestroika* as well--for the strategy. The use of so-called market methods by Lenin did not represent a disenchantment with socialism, but rather an acknowledgment that certain, seemingly-unorthodox methods were required in order to deal with the extraordinary circumstances that confronted the Soviet Union after the post-revolutionary period of War Communism. As a result, Lenin, in the face of what appeared to be a contradiction of Marxist doctrine, was forced to deal with the dilemma of the use of such things as private ownership--at very low levels--and profit as an incentive in order to place the Soviet Union on a sound economic footing. The very same dilemma confronts the Soviet Union today as economists struggle with the concept of transfer of ownership of the means of production from the

state back to the hands of private individuals and groups of individuals,¹¹ and the restoration of profit as a means by which to motivate an apathetic work force. Does such private ownership encourage the exploitation of employment, or does it simply provide an incentive for the owners to work more efficiently knowing that they (not just the State) can reap the benefits--profit--from their labor. The delicate ideological issue is how much license can be taken before the entire "scientific" basis of Marxism is called into question. How much private ownership and profit can be tolerated before the conditions are recreated that would foster what Marx decried--the exploitation of employment?¹²

The ability to interpret correctly the Marxist-Leninist path to be followed has been the single means of legitimization for all Soviet leaders from Lenin to Gorbachev and any leader who is unable to document his particular view of the road to socialism in Marxist-Leninist doctrine risks elimination. For Gorbachev to "...go over to the other camp" and embrace capitalism would be either an admission of the of the nonscientific basis of Marxism, or a return to the earlier, discredited methods of accomplishing reform. In either case, Gorbachev would call into question the very legitimacy of his personal leadership, something he is not about to do.

What Gorbachev appears to be concluding in his book *Perestroika* is that socialism [communism] has never really been given a chance in the Soviet Union; that Stalin and others had made decisions of necessity based on "historical" conditions that resulted in the "nonscientific" development of the Soviet Union after Lenin's death in 1924. Gorbachev has made his case for a restoration of "genuine" Marxist-Leninist principles as the means by which to reconstruct the Soviet Union and has set in motion the engines of change required to bring the Soviet Union into the 21st century, perhaps as a Communist state.

Just think: how can we agree that 1917 was a mistake and all seventy years of our life, work, effort and battles were also a complete mistake, that we were going in the "wrong direction"? No, a strict and impartial view of the facts of history suggests only one conclusion: it is the socialist option that has brought formerly backward Russia to the "right place"--the place the Soviet Union now occupies in human progress.¹³

What is that "right place" in human progress? Certainly, Gorbachev could not have had in mind a "right place" of social, technological and economic prosperity. In fact quite the opposite is apparently true. The Soviet Union is in a difficult situation that has resulted from inefficient central economic planning and execution; poor-to-nonexistent distribution systems; disenfranchised and cynical workers; significant technological gaps in many areas; and unbalanced resource distribution and production

priorities resulting in an inordinate percentage of GNP spent on defense priorities at the expense of a weak and inefficient consumer sector. This combination of economic and technological inefficiency, arms racing (including the prospect of a new, Western technological breakthrough in conventional weapons¹⁴), and low social morale and expectations led the Soviet leadership to the point that there was no other option but *perestroika*--a *perestroika* that not only would require peaceful relations with the West in order to effect change, but also hinged on Western active assistance to complete it successfully.

The "right place" may in fact be that spot in human history that more closely resembles the conditions Marx attempted to describe in 1848. Unlike 1917 in Russia, an exploited proletariat does now exist in the Soviet Union. They are not exploited by a Capitalist bourgeoisie; however, they are exploited by a new class--the state--which has controlled and manipulated the means of production just as much as the Capitalists ever did. The difference is that Gorbachev, having recognized the revolutionary conditions, is attempting to effect a revolution from above before a genuine one breaks out from below and, having begun the process, has got the tiger by the tail.

STRATEGY AND TACTICS

A correct interpretation of the end game--or strategy--of *perestroika* requires that we be able to differentiate among doctrine, strategy, and the tactics that have been developed to implement the strategy. Just as in Soviet military science, where strategy flows from doctrine and tactics from strategy, the same is true for *perestroika*; doctrine reflects the desired end state, while strategy and tactics are the means by which to achieve that end state. If Gorbachev's declaratory policy can be believed, then regardless of how much we might wish that the Soviets have renounced Communist doctrine and the Marxist "scientific" basis for competition, we may have to conclude that there has been no such change; no disenchantment with socialism nor crisis for its ideals and ultimate goals; no renunciation of communism as the ultimate victor. What has changed is not the doctrine, but rather the strategy--as well as the tactics--by which the ultimate goals will be achieved. Clearly, the confrontational strategy of nearly 43 years of cold war has proven that the Soviet system--not the Communist system--is incapable of successful economic and social competition with the West. The Soviet Union must restructure; then, and only then, can a rejuvenated Soviet Union hope to bring about the ultimate goals of socialism either

domestically or internationally and compete successfully with the West.

Soviet Foreign Minister, Eduard Shevardnadze, points out that when one strips away the top elements of our ideologies, ones finds that we are very similar.¹⁵ As the Soviet leadership begins to work to improve those aspects of their ideology that are similar to ours--e.g. democracy, primacy of law, and human value--we in the West tend to conclude that this means that the Soviet leadership has rejected that top layer of ideology to which Mr. Shevardnadze referred but never fully explained. Arkady Shevchenko, the highest-ranking Soviet official ever to defect to the United States, tells us in his book, *Breaking with Moscow*, that we in the West always mistake the tactics for the strategy. I would suggest that we have become mesmerized by the tactics and speed of change associated with *perestroika* to the point that we have misinterpreted them to mean a change in Communist doctrine, when in fact the declaratory policy, and to a certain extent the emerging operational policy, provide little or no support for such a conclusion when applied to the Soviet Union alone.

Perestroika has been clearly defined by Gorbachev as "...a thorough renewal of every aspect of Soviet life; it is giving socialism the most progressive forms of social organization; it is the fullest exposure of the

humanist nature of our social system in its crucial aspects--economic, social, political and moral."¹⁶ More importantly, to appreciate the multifaceted nature of *perestroika* one must realize that it is not something the Soviet Union can do alone; there are domestic and international dimensions of the strategy as well. Finally, there is the question of timing--or more correctly sequencing--in the way the tactics have been executed that suggests more than just a "logical-consequence" theory for why and when events have unfolded over the last few years.

WHERE TO START

For the purposes of this commentary, let us assume that the critical path of *perestroika* requires the complete economic restructuring of the Soviet Union as the desired end state. Although this is only one of the four areas mentioned by Gorbachev, it is the one area of reconstruction without which the Soviet Union would not be able to progress--some even suggest survive--domestically or compete in the long run internationally. Such an assumption leads one to conclude that the other areas of restructuring--political/military, social, and moral--play a subordinate role to economic restructuring, but may in fact require substantial

progress themselves before domestic economic restructuring can begin in earnest, much less be achieved.

Implicit in these assumptions is the logic that the stage must be set before the play--domestic economic restructuring--can begin. Gorbachev has stated that *perestroika* could not be accomplished without the aid of the West. Therefore, does it make sense to begin domestic restructuring before the political and economic foundation has been laid for international support? Does it make sense to begin internal economic restructuring before the domestic social and political framework has been constructed that will enable the new socialist house to remain erect? The answer to these somewhat rhetorical questions is simply no. What follows is one explanation or perspective on a possible "grand plan" to which Gorbachev may be adhering and from which he may be adjusting.

In launching *perestroika*, it appears Gorbachev began at home with the basics--what was wrong with the economic system and how he could generate popular support for the major reforms that would be required. Gorbachev understood that *perestroika* would achieve very little unless he could ensure the support of the Soviet people in identifying the problems and contributing to the solutions. This could not be accomplished without major restructuring in the moral and social fabric of the Soviet people.

Seventy-two years of Sovietism, preceded by centuries of czarist oppression, have created a socially and economically stratified population jaded by broken promises, dashed expectations, and merciless exploitation. If the intent of the social and moral dimensions of the strategy of *perestroika* is to change an exploited society into a participatory one, then Gorbachev would have to do much more than just promise reform. Previous efforts at reform--whether czarist or Soviet--had always ended with those who had taken initiative being suppressed and the fruits of their labor confiscated by those who attempted to restore order and discipline when the periods of enlightenment ended abruptly. The moral fabric of society was too deeply stained with skepticism to be cleansed easily.

The first "tactic" employed in pursuit of social and moral *perestroika*, aimed at popular cooperation, was something called *glasnost* or openness. Although *glasnost* may have been an unfamiliar concept in the West, it is not unfamiliar to Soviet citizens who have lived with the concept during previous periods of "thaw" in the Soviet Union. In an effort to get to the heart of the problems that confront Communist societies, it is necessary--in a Marxist-Leninist sense--to be able to criticize freely both the system and oneself. It is through this process of criticism and

self criticism that genuine progress can be made toward the utopian Communist state. The problem for Gorbachev was--and still is--at least twofold: first, how to generate *glasnost* in a jaded population for whom such openness was useful only in identifying those malcontents in the system who would be purged as soon as the thaw was over; and, secondly, once Soviet citizens became convinced that *glasnost* was for real and too widespread to be stopped through purging, then how was it possible to make the people believe that something constructive would come of the criticism?

DOMESTIC POLITICAL RESTRUCTURING

The answer to both problems lay in the second of Gorbachev's four elements of *perestroika*--political restructuring. If there is one legacy common to all Soviet leaders since Lenin, it is the maintenance of the leading role of the Communist Party in all aspects of Soviet life. The words "leading role" are simply a euphemism for complete control of all elements of the system and have been codified in Article 6 of the Soviet Constitution and in similar articles in the constitutions of fraternal socialist countries. As a result of 72 years of Party dominance, two

distinct features of Soviet political life have developed that are now impediments to progress under Gorbachev's plan of *perestroika*--the reputation of the Soviet governmental structure and the existence of the so-called *nomenklatura*. This governmental structure is made up of progressively higher levels of "elected" Soviets, or councils, ostensibly empowered to express the will of the people whom they represent and to develop and execute policies and programs that reflect Party "guidance" and electoral will. In reality, the Soviets have been nothing more than a "rubber-stamp" organization designed to create the façade of legitimacy for Communist Party dictums.

The *nomenklatura* are a phenomenon of the Party itself. Over the years of the Party's leading role, necessity required the use of non-Party experts in various fields of endeavor ranging from former czarist officers serving in the Red Army to former Capitalists serving as factory managers. Although these men all knew their jobs well, they did not measure up in terms of their political reliability. As a result, a Party member was always assigned to these men to ensure that they executed their responsibilities in a politically acceptable fashion. Over the years, although the immediate need for such political overseers may have diminished, the need for political reliability in leadership positions has

not. The *nomenklatura* have evolved into two lists (closely-held secret ones). One list is of Party, government, and other influential positions within the Soviet hierarchical system that require confirmation by the Communist Party in order to fill and the other is a list of people "cleared" to fill those positions. Through this approval (or outright appointment) process, the Party is able to exert and maintain its influence and control over the entire fabric of day-to-day life in the Soviet Union. Appointment to a *nomenklatura* post--or simply being on the list itself--brings many things including power, prestige, and most importantly privilege--special access to scarce consumer goods and hard-currency stores run by the state; and special medical, living, and recreational facilities not available to the average Soviet citizen. As a result of the Party's desire to maintain control and the desire of *nomenklatura* appointees to maintain their positions of power and access, the *nomenklatura* has grown to a level that it has become an institution in and of itself, an institution which Gorbachev has suggested is a major source of what is wrong with the Soviet Union today.

Conceivably Gorbachev realized *glasnost* would never emerge unless there was widespread confidence that something would come of the openness and criticism unleashed. If the Party itself was part of the

perestroika and the broad axes of advance along which the Soviet leadership has decided to move forward.

In this regard, it is conceivable that once having begun his campaign of *glasnost* and domestic political restructuring, Gorbachev needed to set the international stage for the support he would require for economic at home. Several concerns may have dominated Soviet leaders' thinking as they charted the international dimensions of *perestroika*. Clearly there was the question of Eastern Europe in the process of restructuring; could the Soviet Union afford to restructure itself and continue to support or underwrite a similar program in the so-called "outer empire"? If not, what were the options? What political benefit could be gained if the Soviet Union were forced to "write off" Eastern Europe? There was also the issue of the international image of the Soviet Union. Ronald Reagan, during his first term in office, had characterized the Soviet Union as the "evil empire." It was going to be difficult at best to garner Western support for *perestroika* as long as the view of the Soviet Union was one of fear and hostility. Finally, there was the key domestic concern of the Soviet leadership for immediate access to capital to support reprioritization of expenditures into the consumer side of the economy--an immediate requirement to demonstrate to Soviet citizens that

personnel to key positions in society through the *nomenklatura*-- the effect of all of this has been to provide some foundation for the belief that there may be an organization that can be responsive to the popular will and may even replace the Communist Party as the *de facto* seat of power in the Soviet Union. If such were to be the case, then a logical consequence of that belief might be a less jaded view of the outcome of *glasnost* and an increased willingness on the part of the people to participate in *perestroika*, or at least give it a bit longer to show results.

FOREIGN POLICY AND RESTRUCTURING

For many observers of the Soviet Union, the entire process of democratization--represented by a concern for the primacy of law, the acceptance by the Soviet leadership of political plurality both abroad and now at home, and the seemingly deliberate loss of the so-called "outer empire"--is so antithetical to traditional Soviet behavior that it actually lends support to the thesis that Gorbachev must have little or no control over what is taking place in his field of view. While this is certainly a reasonable thesis for the day-to-day events that fill the popular press, it is not necessarily valid when applied to the overall direction of

So, in the course of the continuing drive for restructuring, we faced a formidable task--the need to restore completely the role of the Soviets *as bodies of political power* and as the foundation of socialist democracy. We are now renewing in full measure the prestige and power of the Soviets,...The January 1987 Plenary Meeting [of the Communist Party of the Soviet Union (CPSU)] called on Party committees to keep strictly to the line of enhancing the role of the Soviets....²¹

Implicit in these statements are several key assumptions that must be addressed. Restoring political power to the Soviets implies that such a restoration will involve removing power from the entity that currently holds that power--the Party. In addition, steps would have to be taken to make the Soviets more democratically representative of the peoples' interests. To that end, in the recent past we have seen elections take place that have removed state representatives who were thought not to represent "popular" sentiments of reform; we have seen the Supreme Soviet "reject" initiatives from Gorbachev--presumably countering their image as a rubber-stamp organization; and, we have seen most recently the Central Committee of the Communist Party endorse a proposal to foreswear its constitutional monopoly on power and concede the prospect of rival political parties in the Soviet Union while at the same time requesting increases in the constitutional powers of the president of the Soviet state. Notwithstanding the monumental significance of the latter event--which challenges the Party's right to control assignments of

their unique success:

Their real powers lay in the fact that, once created by the masses, they expressed and safeguarded working peoples' interests. The underlying feature and the secret of their rapid, even spontaneous spread throughout the country was in the fact that they made decisions and implemented them on their own while being in the focus of the public eye, under open control of all those whom their moves might concern. It was a unique way to combine direct democracy and representative democracy.¹⁸

Gorbachev goes on to explain how the Soviets lost their influence when:

...the command economy system of management [the Stalinist era] was propelled into existence, the Soviets were somehow pushed back....*From that moment the development of socialist democracy began to slow down*....As a result, the principle of the socialist revolution--that power must not only be for the working people but also be wielded by working people--was gravely impaired.¹⁹

Lest the reader believe that a power vacuum was created as a result of this reduction in Soviet influence, Gorbachev explains:

The dwindling role of the Soviets gave rise to what we see as a replacement of the functions and activities of government and administrative agencies by those of Party agencies. For its part, "substitution" of the Soviets by Party agencies strongly influence the Party political work. As Party officials directed their efforts toward economic affairs and management, cadres [*nomenklatura*] were recruited from among competent professionals, though often unskilled and inexperienced in matters of leadership. In short, a fault appeared in the functioning of the democratic machinery that owed its life to the socialist revolution.²⁰

The solution to the problem was made quite clear in 1987 and forms the basis for a consistency in Soviet policy since that time:

problem because of the privileges its members enjoyed--apart from the rest of the citizenry--and because of the existence of the *nomenklatura* whose bureaucratic positioning resulted in very little but stagnation and the retardation of initiative and progress, then Gorbachev would have to create an organization that would be perceived by the people to be responsive to their demands brought about through *glasnost*. A revised and potent State governmental structure seemed the likely candidate to become that responsive organization.

From early in our awareness of *perestroika*, Gorbachev has spoken consistently on the themes of more democracy and more power to the government, which includes the Council of Ministers (the Prime Minister and about 90 deputies, ministers, and chairmen of state committees); the Supreme Soviet, or standing legislature (with 542 members who meet twice a year); and the Congress of Peoples' Deputies (2,250 people who meet at least annually). Gorbachev has stated that "there can be no democratization of society while the Soviets (Government Councils) are not involved in the process and their status and activity are not exposed to revolutionary transformation."¹⁷ Gorbachev points to the Soviets as a primary reason for success in the early days of the Soviet Union and concludes that it was the democratic nature of the Soviets that explains

perestroika could show tangible results in the market place. The only quick way to create this sort of capital was through a redistribution of domestic spending--away from defense--toward the supply side of the domestic economy. The inevitable result of any unilateral reduction in defense spending would be the perception of increased risk--a seemingly intolerable situation for any Soviet leader. Something would have to be done to reduce both the perception and the reality of such risk.

With regard to Eastern Europe, the Soviet leadership must have been presented with an incredible dilemma; how would it be possible to encourage true democracy in the Soviet Union while at the same time attempting to retain control of the outer empire by maintaining some degree of authoritarian rule? It must have been considered that the alternative strategy--allowing democratic freedoms to emerge in the East--would bring on genuine dissent that was quite likely to turn violent and violence was exactly what the Soviet Union had to avoid if there was any hope for Western long-term support for *perestroika*. There was also the distinct possibility for domestic violence and genuine desires for secession to emerge as by-products of the democratization process in the Soviet Union itself.

I believe that it was at this point that the Soviet leaders turned back to Lenin to find both the theoretical base for the problem and potential solutions that fit the current era. Gorbachev has acknowledged that socialist development began to slow down from the moment the command economy system of management--Stalinism--came into existence. He has also implied that a key to the success of *perestroika* is an accurate understanding of where the Soviet Union is today in its socialist development. Such an understanding may require a return to the pre-Stalinist era strategies and tactics in order to begin again where Lenin left off and the cost of domestic *perestroika* may be the loss of the "outer empire". In 1914, Lenin attempted to describe the conditions that existed in Russia prior to the 1917 Bolshevik Revolution. These conditions were considerably different from those Marx had described as necessary to bring about a Communist revolution. Unlike many industrialized states of the mid-to-late 19th century, the Russian Empire was a multi-ethnic state of over 170 million people of whom only about 75 million were of Great Russian nationality. The outer territories were populated by non-Great Russian Slavs (Poles, Belorussians and Ukrainians) and non-Slavs of North European, Turkic, and Asiatic heritage. This complicated the Marxist revolutionary party that Lenin headed by forcing

it to develop tactics to deal not only with classes--in the traditional Marxist sense--but also with nationalities.²²

As a result of this issue, Lenin became a proponent for the right of minority nations to self-determination; i.e., secession and the formation of independent states, as a tactic by which to force the disintegration of empires like Russia and Austro-Hungary.²³

In the process of articulating his thesis of self-determination, Lenin described characteristics of democracies in fully-developed and not-so-fully developed Capitalist states:

The categorical requirement of Marxist theory in investigating any social question is that it be examined within *definite* historical limits, and it refers to a particular country (e.g., the national program for a given country), that account be taken of the specific features distinguishing that country from others in that same historical epoch. ...[A] clear distinction must be drawn between the two periods of capitalism which differ radically from each other as far as the national movement is concerned. On the one hand, there is the period of collapse of feudalism and absolutism, the period of the formation of the bourgeois-democratic society and state, when the national movements for the first time become mass movements and in one way or another draw all classes of the population into politics through the press, participation in representative institutions, etc.

...The typical features of the first period are: The awakening of the national movements and the drawing of the peasants, the most numerous and the most sluggish section of the population, into these movements, in connection with the struggle for political liberty in general, and for the rights of the nation in particular.

...There can be no question of the Marxists of any country drawing up their national program without taking into account all these general historical and concrete state conditions. 24

Lenin's description of Russia in 1914--specifically the absence of bourgeois-democratic institutions--must have provided current Soviet leadership with a strangely, familiar-sounding baseline from which to measure the progress toward socialism by Lenin's death in 1924, since in the intervening years between 1914 and 1924 Russia endured a world war, a revolution, a civil war, and War Communism all of which must have slowed significantly--if not stopped entirely--any progress toward the democratization which Lenin claimed was essential for building socialism in countries such as the Soviet Union.

If the Soviet leadership's perception of how far democratic socialism has progressed--or not progressed--is even the least bit dependent upon this 1914 starting point, then this period of Lenin's writings may provide some insight into the road that the current leadership has chosen to follow or at least cite as justification. This does not necessarily mean that the leadership of the Soviet Union has determined that it is necessary to go through a Capitalist stage of development²⁵--which was brought to an abrupt end by the 1917 revolution--in order to continue to progress toward socialism; rather, it may mean that the social and political

conditions that existed in pre-revolutionary, pre-Capitalist Russia have not progressed significantly since Lenin's death and current leaders must address those conditions using the tactics that Lenin suggested. The striking similarities between the political and social conditions in Russia that Lenin described in 1914 and the conditions that still exist today--when coupled with the Soviet Union's willingness to allow the "outer empire" to "do it their way"--suggest that there may be more contemporary operational significance to Lenin's treatise than heretofore considered. In any event, encouraging the "outer empire" to break away, as well as entertaining the secessionist demands of the Baltic states, certainly makes more sense when evaluated against Lenin's rationale for supporting self-determination of states under specific social, political, and economic conditions that seem to dictate the cutting of one's losses.

The role of the Communist Party of the Soviet Union (CPSU) in the entire process of democratization--both at home and abroad--would also seem a bit more rational if one assumed that the CPSU was basing its strategy--not necessarily its day-to-day political tactics--on Lenin's guidance:

...[T]he task of these [independent proletarian] parties with regard to the national policy must be twofold: recognition of the right of all nations to self-determination, since the bourgeois-democratic

reform is not yet completed and since working-class democracy consistently, seriously and sincerely...*fights for equal rights for nations; then, a close, unbreakable alliance in the class struggle of the proletarians of all nations in a given state*, throughout all the changes in history, irrespective of any reshaping of the frontiers of the individual states by the bourgeoisie [or by the Soviet Union?].²⁶

Whether Lenin was the catalyst or simply the justification for the current Soviet willingness to set free the "outer empire", the results are the same: the West was put on the defensive where it has remained ever since; the authoritarian image of the Soviet Union has been called into question; the cost of sustaining the "outer empire" has been dramatically reduced; and, Communist parties, although battered, bruised and discredited, are still alive in most of the "outer empire" with at least the organization--albeit not the members--perhaps to rise from the ashes and maintain those vital fraternal links (as Lenin suggested) to the dramatically changing CPSU.

MILITARY RESTRUCTURING

Another dimension of *perestroika* that has had significant impact on both the domestic and international fronts has been arms control and arms reduction. Since the late 1960's, we have been involved with the Soviet Union in substantial negotiations first to limit the number of strategic

weapons, and now to reduce--or eliminate--classes or numbers of weapons that cross the full spectrum from strategic to conventional employment.

I would suggest that over the years, we have refined our negotiating strategies in arms control based on our perceptions of what the end state (after treaty ratification) ought to look like. In doing so, we have demonstrated a tendency--particularly during the Strategic Arms Limitations Talks (SALT)--to assume that the Soviet Union's vision of that end state mirrored our own. In hindsight, it is probably safe to conclude that such assumptions were incorrect. While the Soviet political leadership has probably shared our view of the futility of employing large numbers of nuclear weapons in any East-West military conflict (the military has not always agreed on this issue), their willingness to negotiate reductions, partial eliminations, and even total elimination of all nuclear weapons is most likely based on assumptions and expectations that we have not yet come to appreciate fully. What seems clear, however, is that over the years, the Soviet defense buildup and arms negotiating strategies have been designed to place the Soviet Union not on a level of parity with the United States--as previously assumed--but rather in a position to dominate a conflict at whatever level of escalation

should unfold.

In this regard, Soviet doctrine has always assumed an inevitable attack from the West as it reached a period that Marx described as the "death throes of capitalism." This condition--Marx theorized--would be precipitated by the intensity of the economic competition between Communist and Capitalist states as both resources and markets were taken away from the Capitalist camp. The conclusion drawn by Marx, and further supported by Lenin, was that once this level of competition had been reached, the Capitalists countries would have no other option but to strike out at the Communist nations--in a typically imperialist war--in order to preserve their economic and social position.

From the end of World War II--when the USSR actually increased the size of its armed forces--to the present, we have seen an inexorable buildup of Soviet military strength. The levels of men and materiel²⁷ lend strong support to the thesis that this force structure has been developed over the years by applying the correct norms--scientifically-developed equipment force ratios--that Soviet military scientists have concluded will ensure victory when war inevitably breaks out.

If, as I have suggested, Soviet defense spending has been based on the presumption of the inevitability of war and the need to assure victory

once war breaks out, then how is it possible to reconcile current Soviet negotiating behavior which clearly seems designed to bring about a level of armaments--at least conventional ones--that violate the scientifically - developed equipment norms to which the Soviets have heretofore so stringently adhered? The answer(s) to this question may not reflect these military-scientific formulae for victory as much as they do the economic necessity for reprioritization of national objectives--before another arms race begins--in an effort to offset the effects of years of disproportionate emphasis on preparing for war.

As stated above, the Soviet leadership must have been confronted with the need to provide some rather quick and dramatic results from *perestroika* in order to ensure the continued support of the population for what were sure to be rather austere times as the country moved toward a deeper restructuring. The issue was not just the quantity of goods and services available--although that was and is a very significant issue--but rather the quality of those same goods and services. The first part of the problem--the quantity available--could be improved if resources and priorities were shifted from defense spending into the consumer sector. The second part--improved quality--was more a question of quality control, attitude, and managerial talent.

It appears that the Soviets went about solving the problem in several ways. The primary method to improve quantity seemed to be through the diversion of resources dedicated to defense. While the United States has spent consistently between 4 and 6 percent of gross national product (GNP) on defense over the last 20 years²⁸ or so, recent estimates have tagged Soviet defense spending at a level between 15 and 17 percent of GNP.²⁹ Some Soviet officials have even gone so far as to intimate that actual defense spending (when full cost accounting methods are employed) could reach as high as 30 percent.³⁰ Diversion of any significant amount of money from a program of this magnitude was not going to be easy, politically or economically. In order to accomplish this in a timely fashion, at least two things had to happen: defense production quotas and military manpower had to be reduced--since the only way to produce short-term, dramatic reductions in defense expenditures is to cut manpower.

It is still not clear what the actual catalyst was for reduced defense production quotas; was it really the new "defensive" doctrine which is intended to bring the Soviet Armed Forces down to a level sufficient for defense only, or was it the urgent requirement to improve consumer-goods production or both? What seems clear is that the Soviet

leadership is not willing, or is unable to wait for *perestroika* to bring about the increase in quality and supply of goods to meet the increase in expectations brought on by Gorbachev's initiatives.

The quick solution involved conversion of a percentage of defense production capacity to consumer goods production. The rationale was probably based on the assumption that these same defense managers who were able to turn out such quality in the war-materiel sector would certainly be able to produce similar results in the consumer sector, where the problem seemed to be more than just managerial expertise. The real problem in the consumer sector was a combination of things such as the absence of priorities for raw materials--it was all going to defense; the absence of any tradition of quality production--since there was no national-security reason for rejecting finished goods on the basis of quality (presumably any quality was deemed to meet the standard as long as the numerical standard was met); and, the lack of a real work ethic based on incentives.

The next approach provides an indication of the lengths to which the leadership was willing to go to achieve a short-term fix or at least buy some time for *perestroika*; they took the problem to the talent. In 1987, when the conversion program was conceived, military industry allocated

40 percent of its output to the civilian sector. Soviet factories have now been given the task to convert their production capacity by 1995 to a 60-40 split between consumer and defense production (50-50 by 1991).³¹

It seems that the expectation is that within the defense industry--where there is an established pattern of product excellence, quality control, and some sort of work ethic that has produced these products--there would be less foot-dragging, or less inertia to overcome, than in the existing consumer sector. It is difficult to believe that this is the Soviet long-term solution to the problem or that this sector of the economy will be able to do any better than the non-defense sector at alleviating shortages and improving quality; however, it does provide a rather clear indication of the immediate need to show progress.

Regardless of whether one believes that the Soviet democratic initiatives discussed above were the result of a belief in (or adherence to) Marxist-Leninist principles, or whether the reductions in defense-sector production are the result of a new defensive doctrine or simply the result of a short-term need to divert capital, the effect has been to reduce dramatically the perception of the Soviet Union as a military and ideological threat to the West. As a result of that perceptual change, the international stage has clearly been set for the kind of support that

Gorbachev has claimed all along is vital to the success of domestic *perestroika*--economic and managerial support.

ECONOMIC RESTRUCTURING

In statements made by Gorbachev and his economic advisors, the point has been made that what the Soviet Union needs from the West to support *perestroika* is not necessarily technology transfer--since the Soviet Union has had access to Western technology before and has not been able to bring about the necessary changes. Neither is the Soviet leadership interested in investment capital exclusively--throwing foreign investment at the problem will not bring about genuine *perestroika*.³² What the Soviets have repeatedly stated is necessary is for Soviet managers to learn to become businessmen and since there are no better businessmen in the world than those who operate in the West, pride notwithstanding, Soviet managers must learn from these experts. The primary vehicle through which the Soviets have decided to pursue this businessman's education is the international joint venture. While most Soviet economists do not consider joint ventures to be the panacea for all Soviet economic problems, they acknowledge the usefulness of joint

ventures in helping Soviet industry to adapt Western technology and management practices more rapidly and to improve the performance of the USSR as an exporter of manufactured goods.³³

In addition to the joint venture initiative, the Soviets have discussed--and have begun to develop--the idea of special economic zones as another mechanism by which to attract foreign partners and the technology and management expertise they bring with them. Although the original concept dealt with the idea that these special economic zones--primarily in the northwest, south and far east--would resemble customs-free industrial parks where joint ventures would flourish, the final legislation actually provides for wholly-owned businesses to operate in the area as well. One could speculate that the joint venture was still not attractive enough to encourage large numbers of investors; therefore, it was necessary to "sweeten the pot." From the beginning, the idea of these zones was to encourage joint ventures, and if wholly-owned, foreign companies had to be permitted in order to encourage companies to get involved by providing them some sort of guaranteed profit, then that would be the price necessary for a longer-term gain. The implied intent is to get the businessmen into the zone and then learn from them how to do business and then eventually buy them out.³⁴

Since early 1987, Soviet trade laws have been developed that were specifically designed to encourage foreign entrepreneurs. The basic joint venture legislation of 1987 raised some interesting questions about the orientation of the Soviet law and the ultimate direction of *perestroika*. The early legislation not only limited the foreign partner's equity to 49 percent--thus no real controlling interest in the venture, but also mandated that the only way that profit could be repatriated was through foreign exchange earnings by the venture. Some have interpreted the profit repatriation issue to imply a Soviet desire to restrict access to the USSR's domestic market.³⁵ However, another way to look at it could be a Soviet desire to force the venture to produce goods of sufficient quality so as to be competitive on the international market. In addition, until the ruble is convertible, the only way a foreign entrepreneur can earn any profit--short of a classic barter arrangement or conversion of rubles to hard currency among foreign entrepreneurs--is to establish an export market for the venture. The interesting aspect of this particular thesis is that by forcing the issues on repatriation of profit, the Soviet Union is able to satisfy a number of objectives at once: supplying domestic needs with goods of sufficient quality as to be competitive on the international market; creating an international market for the venture from the

beginning that will remain once the buy out of the venture is complete; and, providing a means by which serious entrepreneurs can earn a hard-currency profit from the beginning of the joint venture rather than having to wait for ruble convertibility.

Enthusiasm for joint ventures in the Soviet Union, based on this legislation, was less than overwhelming. By the end of 1988, only 191 joint ventures had been registered--including 27 with Council for Mutual Economic Assistance (CEMA) countries.³⁶ Perhaps as a result of foreign desires to sell to the domestic market--more likely the lackluster performance of joint venture registrations--in December of 1988, the Soviet Council of Ministers produced new rules governing joint ventures. Several key features are worthy of note: foreigners could now own "majority" interest in the venture--although unanimity with the Soviet partner was required in deciding "fundamental questions"--and foreigners could be chairman or general director of the venture--unlike in the previous legislation. What was not changed, however, was the requirement for repatriation of profit to be based exclusively on foreign exchange earnings.³⁷ Even with this "restrictive" aspect still in place, registration of joint ventures increased to 1274 by the end of 1989³⁸

suggesting that the major obstacle, percent of ownership--thus percent of profit--may have been the actual stumbling block for foreign businessmen.

Even with the dramatic increase in joint venture registrations, the Soviets are still not satisfied with the level of interest thus demonstrated. According to B. Tuyukin, who is the sector head [sic] of the State Foreign Economic Committee of the USSR Council of Ministers, the 1274 registered joint ventures have a total agreed-upon charter capital of over 33 billion rubles of which about 1.4 billion rubles have been provided by the foreign partners, most of whom represent Western market-economy nations such as the FRG with 191 ventures, Finland--146, the USA--143, Great Britain--84, Austria--90, and Italy--83.³⁹ In 1989, these ventures sold about 800 million rubles worth of products and services with about 94 million rubles worth being exported--including about 70 million rubles in convertible currency. Of particular interest to Soviet planners is the fact that over 59.3 percent of the ventures have charter capital of up to 1 million rubles; 27.6 percent--from 1 to 5 million rubles; 6 percent--from 5 to 10 million rubles; and, only 7.1 percent--over 10 million rubles.⁴⁰

By way of further explanation, Tuyukin says that:

Some 400 joint ventures have been created in the social sector. Of them, only 122 produced consumer goods; and the rest were

Some 400 joint ventures have been created in the social sector. Of them, only 122 produced consumer goods; and the rest were engaged in trade and in public catering, in hotel, transport and concert spheres, in public health, and in the production and sale of movie and video products. Some 341 enterprises performed scientific-research and experimental design work, offering engineering and consulting-mediatory services, and engaged in personnel training. There were 62 enterprises engaged in machine building and instrument making, 61 in the agroindustrial complex, and 98 in construction and building materials production. Some 166 ventures developed programs and produced computer equipment.⁴¹

Soviet economists have also compared the number and character of registered joint ventures in the USSR with those registered in the Peoples' Republic of China (PRC) during the last 5 years--20,000⁴²--and determined that even though there has been progress, in comparison with the level in the PRC, Soviet numbers are unacceptable. What seems to trouble Soviet economists is the fact that:

.....Without in any way minimizing the role of the small enterprises, which have the right to exist and may be useful, it should probably be acknowledged that our country still has too few medium-sized and large enterprises capable of solving the more or less serious problems of our economic system. After all, *according to the plan*, we would like to have quite powerful, efficient enterprises, and not handicraft workshops with 20-30 workers.⁴³

It is reasonable to assume, therefore, that we will see further changes in the foreign trade legislation designed to improve the financial conditions not only for foreign entrepreneurs, but for the Soviet directors as well for whom currently there exists no way to reflect the contribution

of the economic activity of the venture in the economic activity required to fulfill the State plan. Without legislative changes that encourage-- rather than discourage--Soviet director support for ventures through the allotment of material, financial, labor, and other resources, the trend in the character of joint venture registrations that Tuyukin has identified will continue: "...For example, among the first 100 [joint ventures] registered, there were 29 mixed enterprises with a charter capital of over 5 million rubles, in the third 100 there were 12, and in the eighth 100 there were only four."⁴⁴

The entire strategy of joint ventures in the Soviet Union as a means by which to attack domestic business problems of management and production raises several questions, the answers to which must be considered when formulating our economic policy toward the Soviet Union. First, if the leaders of the Soviet Union are really as short-sighted as some observers would have us believe, and the Soviet economy was about to implode from inefficiency, why would the leadership establish laws that clearly focused on export sales--similar to what Stalin did at the early stages of "building socialism in one country"--rather than satisfying domestic demands? Second, ought we to be concerned about the export focus of the joint venture law? The Japanese have been extremely

successful in the business world by employing a similar joint venture strategy and in certain key areas have been able to dominate a particular market. Gorbachev claims to be adhering to socialist principles and goals which, when carried to a very long-range, Marxist conclusion, would suggest an ultimate desire to compete with the West not just for a share of a particular market or markets, but rather for dominance and even control of the market.

Joint ventures are only one portion (albeit a very important portion) of the overall Soviet approach to domestic *perestroika*. They satisfy both a short- and a long-term objective for the Soviet leadership: near real-time provision of goods and services--of import quality--to the Soviet consumer; and, long-term training for Soviet businessmen in the methods of competing in the market. For all the problems Tuyukin has identified with the joint venture program, he concludes that the program has given the Soviet Union:

...Quite a lot. Let us begin if only with the fact that the new approach will ensure an equivalency of exchange such that with foreign firms the conditions will be created for us to be able to foresee the development of joint entrepreneurship independent of inflationary, directive and other price changes in the USSR. This will also make it possible to compare the competitiveness of conditions for the activity of joint ventures in the USSR and in other countries interested in attracting foreign investment. Moreover, a joint venture can obtain profit

comparable to the profit of analogous foreign firms, and *demonstrate a real ability to compete with them.*⁴⁵

If--and that is a very big "if"--the Soviet Union is successful in restructuring itself--perhaps as a result of Western entrepreneurial assistance and investment--without some way of disciplining the process of Soviet intrusion into the world market place, have we not contributed to the creation of the very joint ventures with which we will have to compete for a percentage of market share both now and in the future?

While joint ventures may represent the future of the Soviet economic strategy, a more immediate problem is the transformation of the domestic economy itself. Joint ventures can be thought of as the business-school approach to the problem; that is, with a return realized only when the students have "graduated" and progressed to those positions from which they are able to control the business methods and long-term direction of their individual enterprises. In the meantime, the larger problem for the Soviet leadership is the complete reorientation of the Soviet system to accommodate a market--rather than a planned orientation. Although this will indeed be a formidable task, a flourishing "market" system already exists--the black market. Goods and services have been provided all along through this system of doing things *na levo*, on the left; or, beating the system. The challenge, therefore, is not so

much with understanding market principles as it is conditioning the people and the system to operate without price and product subsidies in accordance with the so-called socialist axiom of "from each according to his ability; to each according to his work."

The idea of having to earn a living runs contrary to the old Soviet joke that says "they pretend to pay us and we pretend to work." What Gorbachev is finding is that the transition from this truism to a new system where "they really pay us and we really work" is not an easy path at all. In fact the intermediate step where "they really pay us and we still pretend to work" has been more pronounced than perhaps anticipated. Anecdotes coming out of the Soviet Union describe situations where controls on prices for certain industries were lifted in the hope of stimulating increased production based on an assumption that the additional earnings generated by such increased production would be an incentive. In some instances, so these stories go, production actually decreased as workers in these enterprises realized that they could raise prices and produce less without reducing their overall level of income. In fact the end result was not more money for more work, but rather the same money for less work.

One could assume that this sort of "incentive" was stronger for the Soviet worker based on the simple fact that there is still very little to buy even with increased earnings. Soviet workers currently stand in line for everything they wish to buy anyway, often finding that whatever was for sale has sold out long before they reach the front of the line. Therefore, earning the same money for less work actually provides more time for these workers to stand in line without threatening their overall earning power. It is difficult to imagine that this sort of mind set can be easily overcome, until such time as goods and services are available in sufficient quantity and quality as to provide an incentive for the additional work.

The real irony is that in order to prevent abuses of the system, such as the one described above, the Soviet leadership has had to legislate the means by which to force certain levels of production--through mandatory State orders--in order to create a condition of plenty after which the market forces can become operative. To create a market economy, one must begin by *preserving* the command economy! It is perhaps for this reason--as much as any other--that the 13th 5-year plan still adheres to the principles of the command economy and, as such, threatens the very success of *perestroika*. When Gorbachev speaks of the need for

extraordinary powers vested in the President of the Soviet Union to speed up the process of *perestroika*, he is acknowledging that current methods have been unsuccessful in overcoming the various "braking mechanisms" on the economy and is also implying that a slowing down of the process of restructuring--called gradualism--threatens to retard progress, and eventually stop *perestroika* altogether.⁴⁶

In support of this view, Soviet economic observers have begun to state openly that they admire the Polish experiment, particularly with respect to the radical nature of the implementation strategy.⁴⁷ A revolution cannot take place slowly, and there will be discomfort if the revolution is not stopped. The difference between the Polish "revolution" and the Soviet one is that the majority of the Polish people (65 percent)⁴⁸ support the idea because they believe in what they think waits for them at the end of the struggle. The Soviet people, conversely, are not as yet sold on the need for such a radical transformation thus placing Gorbachev in the unenviable position of justifying *perestroika* on the basis of arguments that probably sound like "trust me" or "one day you'll thank me for this."

Without popular support for the notion that the gains of restructuring are worth the pain caused by *perestroika*, Gorbachev could find himself without sufficient political power to effect the changes he perceives to be necessary. The need for such power--vested in a single man--to prevent gradualism from defeating *perestroika* could possibly explain why Gorbachev chose to reverse himself--apparently--on the issues of Party supremacy and political pluralism. It would appear logical that if the 13th 5-year plan in any way codified gradualism, Gorbachev would have only two choices: go along with the plan--knowing full well that it could mean the end to *perestroika*, or he could work to defeat the plan by removing the Party's constitutional right to present the only plan and by establishing executive powers sufficient to direct the progress of *perestroika* along what he knew was going to be a very unpopular path of rapid change. I do not mean to imply through such conjecture that Gorbachev is anti-Party per se, in fact it is my belief that the removal of Article VI of the Soviet Constitution, as well as the new powers of the President, represent a strong Politburo consensus concerning what is required in order to strengthen the Party in the future. What I am suggesting is that the Party bureaucracy--in the eyes of the Politburo--had been too slow in adjusting to the new circumstances that confront it

and that radical steps were required in order to preserve the Party's potential to represent the Soviet people in some new socialist order. While one could certainly argue that on the surface such a move was anti-Leninist, it is important to note that Lenin envisioned the Party as the vanguard of the people and as a temporary phenomenon until such time as the State had withered away. If Gorbachev's perception was, and is, that the Party was no longer the vanguard of the people, and had ceased to represent popular will in a truly democratic sense, then something would have to be done to recast it in the appropriate image. Once again, Gorbachev had read the political currents appropriately that threatened the Soviet Union and apparently decided to move in a particular direction that might preserve his future options, rather than wait for circumstances to unfold that would perhaps preclude those options.

THE END GAME

If Gorbachev is in fact holding true to the ultimate goals of socialism, then where is the element of the strategy that speaks to the international dimension of political and economic competition? Who are the allies for the Soviet Union, and who is, or are, the competitors long-

and short-term? The answers to these and other questions may lie in what Gorbachev has described as the "common European home."

From Gorbachev's point of view:

Europe is indeed a common home where geography and history have closely interwoven the destinies of dozens of countries and nations. Of course, each of them has its own problems, and each wants to live its own life, to follow its own traditions. Therefore, developing the metaphor, one may say: the home is common, that is true, but each family has its own apartment, and there are different entrances too. But it is only together, collectively, and by following the sensible norms of coexistence that the Europeans can save their home, protect it against a conflagration and other calamities, make it better and safer, and maintain it in proper order.⁴⁹

Gorbachev goes on to state that "...the requirements of economic development in both parts of Europe, as well as scientific and technical progress, prompt the need for a search for some sort of mutually advantageous cooperation."⁵⁰ This mutual cooperation is not meant to suggest "...some kind of 'European autarchy, but better use of the aggregate potential of Europe for the benefit of its peoples, and in relations with the rest of world."⁵¹ For example:

The two parts of Europe have a lot of their own problems of an East-West dimension, but they also have a common interest in solving the extremely acute North-South problem. West European

states, like the Soviet Union [sic] and other socialist countries, have broad ties with the Third World, and could pool their efforts to facilitate its development.⁵²

However:

...ideologists and politicians...continue to sow mistrust toward the Soviet Union. The majority of the West European countries...publish a great many hysterical articles...[in which they] ascribe to us a desire to establish domination over Europe....I thought: could European readers, European nations be so naive as to believe such scribbling? We have faith in the common sense of the Europeans and we realize that sooner or later they will know the truth from lies.⁵³

Even if one accepts these statements at face value, the question still arises about the role of the United States in the common European home. In response, Gorbachev says that:

When we point to the importance of Europe's independent stance, we are frequently accused of a desire to set Western Europe and the United States at loggerheads. We never had, and do not have now, any such intention whatsoever....It is preposterous to interpret the Soviet Union's European line as some expression of "anti-Americanism."⁵⁴

Nevertheless, almost in the same breath Gorbachev points out that:

A serious threat is hovering over European culture too. The threat emanates from an onslaught of "mass culture" from across the Atlantic. We understand pretty well the concerns of the West European intellectuals. Indeed, one can only wonder that a deep, profoundly intelligent and inherently humane European culture is retreating to the background before the primitive revelry of violence and pornography and the flood of cheap feelings and low thoughts.⁵⁵

Gorbachev concludes with the view that:

Our idea of a "common European home" certainly does not involve shutting its doors to anybody. True, we would not like to see anyone kick in the doors of the European home and take the head of the table at somebody else's apartment. But then, that is the concern of the owner of the apartment. In the past, the socialist countries responded positively to the participation of the United States and Canada *in the Helsinki process*.⁵⁶

In the face of such rhetoric and Gorbachev's own inference that the common European home extends "from the Atlantic to the Urals,"⁵⁷ others have determined that Gorbachev's conception of the common European home actually encompasses the region from Vladivostok to California.⁵⁸ The conclusion that one would necessarily draw from such a view is that the United States and Canada will play a significant and permanent role in the long-term, economic and political development of this common European home. While the "Helsinki process" would provide a forum for political participation--the Conference on Security and Cooperation in Europe (CSCE)--it may not provide (without significant changes to the CSCE charter language regarding the force of the resolutions) an adequate forum for the resolution of economic issues that impact upon U.S. trade relationships with a new European order.

With regard to these economic issues, the primary concern for the United States should be to ensure continued favorable access to the market, or markets, envisioned in any common European configuration-- whether it is the European Community (EC) 92 or some expanded group that includes countries of the former Soviet "outer empire." Consideration has to be given to the possibility of an expanded EC with exclusionary policies that could operate to the detriment of the United States. If the Soviet Union and other Eastern European nations were added to the EC, what would be the import-export focus? With resources provided by the Soviet Union, could the EC become virtually 100 percent self-sufficient? Could the EC conduct almost all its trade without the United States?

Such questions are purely an academic exercise without an indication that exclusionary tendencies are developing in Europe. Early rhetoric from Gorbachev charted a rather neutral economic course:

We see direct links between companies and enterprise and specialization as the chief reserve and leverage for deepening our integration. It is exactly along these lines that we are restructuring our foreign economic activities and removing barriers preventing enterprises from finding appropriate partners in fraternal countries and deciding how to cooperate with them.... We are also prepared to consider the possibility of involving Western businessmen in the activities of some companies.⁵⁹

While this last statement clearly has been overtaken by the joint venture initiatives discussed above, what follows is only just beginning to develop:

We hope to accelerate the process of integration in the forthcoming few years. To this end, the Council for Mutual Economic Cooperation (CEMA) should...coordinate economic policies, elaborate long-term programs for cooperation in some crucial fields and promote major joint research and engineering programs and projects. In doing so it is possible and expedient to cooperate with non-socialist countries and their organizations, *the EEC above all.* 60

Since Gorbachev provided this guidance, each member country of the former "outer empire" has left the sphere of direct Soviet control and many have begun a process which could lead to complete integration with the EC. This process, however, is not without difficulty. For instance, several months ago, Czechoslovakia insisted that either the rules of CEMA be rewritten or she would withdraw from the organization. While such a demand may have represented a popular will to sever ties with the old Communist world, it did not reflect the reality of Czechoslovakia's economic dependence on CEMA. Perhaps because of this interdependence, the CEMA members have agreed to reorganize the means by which they operate rather than withdraw from the organization altogether. Stepan Sitaryan, chairman of the State Foreign Economic Commission of the USSR

Council of Ministers, perhaps best explained the rationale for this conclusion in February of this year when he said "...the need to preserve CEMA stems above all from the economic situation. CEMA accounts for the lion's share of trade for each of its members. Economic ties among them, however imperfect, are so close that their sharp rupture would cause upheavals."⁶¹

This does not mean that CEMA ties could not or will not be broken. What it does mean, however, is that for the time being, it is probably more advantageous for all members--at least in Europe--to continue to do business with one another on a more market-oriented basis. The desire for Czechoslovakia to receive a "fairer" price for the goods she provides to the Soviet Union through CEMA arrangements, however, is a double-edged sword. The Soviets believe that "...using world prices to settle accounts with Czechoslovakia, for instance, would enable the Soviet side to spend ten billion rubles less on the import of equipment and to receive much larger sums for oil and gas."⁶² If CEMA were to adopt the dollar (instead of the convertible ruble) as the currency of exchange within CEMA--as has been approved--then Moscow's hard-currency position might significantly improve along with her ability to pay for the Western imports that have been keeping the wolf from the door while *perestroika* takes hold.

Obviously, the economic burden of restructuring the "outer empire" is no longer squarely on the shoulders of the Soviet Union, since the bailout responsibility seems to have shifted--on moral grounds--to the West. Having thus "let go" of the "outer empire," it seems apparent that Moscow still sees significant value in maintaining its economic ties with CEMA as a means by which to bridge the gap between the Europes until a common European home can be achieved, while at the same time it receives indirect EC benefits--through new CEMA arrangements--from the more rapid integration of the "outer empire" into the EC.

Nikolai Ryzhkov, chairman of the USSR Council of Ministers, speaking to the 45th session of CEMA in January of this year, concluded that:

In keeping with the new tasks we will have to reorganize CEMA itself, clarify its functions, its charter, develop the structure of the council and its institutions that will really promote the processes of integration and the development of mutually advantageous trade and scientific-technical exchanges.

...CEMA must become more economic, not only in its description, but also in the content of its work. Its most important function is to improve constantly the mechanism of cooperation. Here, too, it is necessary to make greater use of the of positive world experience for the quickest possible assimilation of methods of work in world markets and to elaborate mechanisms for interaction by our organizations with other international organizations.

...At present, as you know, certain progress has been made in developing bilateral relationships between individual CEMA countries and the EEC. Evidently, we ought to seek new, effective ways of cooperating in various spheres with our organizations as well. It is expedient to arrange contacts with such an authoritative

organization as the European Free Trade Association (EFTA) and , also, to display initiative in establishing trilateral ties among all the European communities: CEMA, the EEC, and the EFTA.⁶³

Following its own advice--although the last European CEMA member to do so--the Soviet Union reached a bilateral accord with the EC in December 1989. The treaty opens the way for the "industrialization [sic] of Soviet exports to Western Europe" by creating "equal opportunities for Soviet and competitors' commodities in EC countries."⁶⁴ The European Community agreed to ensure before 1995 a stage-by-stage lifting of 1500 quantitative restrictions on imports from the Soviet Union--including paper, rubber, tractors, ships, and plastics--and to cancel 600 and suspend 100 of them during the first year after the agreement enters into force.⁶⁵

Soviet Foreign Minister Eduard Shevardnadze, at the signing ceremony on 18 December, described the treaty as:

...[N]ot an ordinary document....Its nature reflects the vigorous dynamics of the renewal process in Europe. Its content raises the practical construction of the economic foundations of a common European home one step higher....Our cooperation with the European Community is a future-oriented channel of adapting to one another and overcoming the disunity of the continent, of course, with the participation of our partners in the [CEMA], which can only be welcomed....We regard the scale and depth of the

integration cooperation in the European Community and the radical restructuring of the Soviet economy, with its active involvement in world economic ties, as a real basis for interaction between the EC members and the Soviet Union, for bringing their economies closer together and making them supplement one another.⁶⁶

Shevardnadze goes on to point out that:

The agreement between the Soviet Union and the [EC] is imbued with a considerable political and, I would say, conceptual charge of a major European plan for the future. It gives food for collective thinking and practical approaches to the gradual formation of an integral economic complex on the continent....We are convinced that the integration potentials that have shaped up and are developing in the West and the East should be fully tapped. These processes may become a factor not dividing but *uniting our continent*....Our relations should be transformed from confrontation...into interaction, partnership, and *mutual penetration*....It is important that the new forms of our ties accord with the logic of the formation of *common European economic space*....Now we'll have to jointly work on the political, economic, cultural and moral coordinates of a new Europe, to create an atlas of the European Community of the 21st century.⁶⁷

While Shevardnadze's remarks alone do not prove the exclusive character of a future European economic union, comments made by French President Francois Mitterrand in his proposal for a European confederation leave little doubt. In his New Year's message to the French people, Mitterrand pointed out that the creation of a European confederation "would take place in two stages. The first involves consolidating the structures of the 12-country EEC, and the second an alliance of all European states"⁶⁸

Commenting on Mitterrand's proposal, *Izvestiya* correspondent Yu.

Kovalenko stated:

Mitterrand's proposal also is regarded here as a response to the U.S. doctrine of "new Atlanticism" set out recently in West Berlin by U.S. Secretary of State J. Baker. This doctrine envisages a more active role for NATO in West European affairs, particularly in the military-political and economic spheres, along with the conclusion of U.S.-EEC agreements. However, France does not want an increase in Washington's influence in the EEC, whereby the United States would be the "13th member." That, it is believed on the banks of the Seine, could radically change the nature of the EEC.⁶⁹

Kovalenko goes on to say that Mitterrand's proposal is supported by Jacques Delors, chairman of the EEC Commission, and that "...it is believed in France that this proposal develops General de Gualle's idea of Europe from the Atlantic to the Urals."⁷⁰ Kovalenko quotes *Liberation* in noting that Mitterrand's idea is "...close to the Soviet concept of a 'common European home.'"⁷¹

Obviously, France is not the only member of the EEC with a view on the degree of U.S. involvement in the EEC, and President Mitterrand does not necessarily represent the ultimate French view on the issue. I am not suggesting that the United States desires to become the 13th member of the EC; however, the fact that the potential exists for an exclusionary policy within the EC to develop--whether as a part of some end game of

perestroika or simply as a result of historical evolution--is reason enough for concern. The world is no longer large enough for any single nation realistically to "go it alone." The issue for the United States is: first, is this a bona fide issue about which we ought to be concerned; and secondly, if we conclude that we should be concerned, what sort of policies will allow us to participate in the changes in Eastern Europe and still protect our interests into the 21st century should the thesis of this paper prove to be true.

PERESTROIKA'S CHALLENGE TO AMERICA

While readers may find the suggestion of a grand plan for *perestroika* difficult to accept, there appears to be enough consistency in Gorbachev's actions to warrant further consideration of the possibility. For the policy makers, however, this is more than just an academic exercise. The United States is also at a crossroad in history. We must determine our vision for the future and what policies and alliances will be best suited to bring that vision into sharper focus in a world filled with uncertainty.

The practical approach to dealing with the implications of this study focuses not on the emotions attached to the cold war, or some preconceived notion that Sovietism equals communism, but rather focuses on the individual elements of *perestroika* as we see them unfolding operationally. The key question is, can we live with, or are we threatened by, the direction in which the Soviet Union would be taken politically, militarily, morally, and economically by the plan Gorbachev has outlined.

Some of the answers are simple. If the situation in Lithuania--and potentially in other Soviet republics--can be resolved to the satisfaction of all parties without violence, then the Soviet Union will be well on its way to becoming a nation of laws and, consequently, there is nothing taking place in the domestic political and moral realms with which we would disagree. Democracy--whether Marxist or Jeffersonian--still elevates man to his proper position in any society and is something that we can and should continue to support. True democracy, when coupled with the primacy of law, is bound to produce an environment in the Soviet Union, which while not perfect, is closer to what we consider proper than what we have seen in the East since 1917.

Should violence erupt as a method by which to deny self-determination, then the United States will have to rethink its position with regard to the supposed irreversibility of changes in Eastern Europe. Sanctions imposed against the Soviet Union for violent actions taken to thwart self-determination may result in the United States further isolating itself from Europe should the Europeans not join in sanctioning the USSR. In the interest of preserving their gains in--and continued access to--the "outer empire," West Europeans may find it politic to consider what takes place between Moscow and the Soviet Republics to be purely a domestic matter. Unilateral U.S. actions, therefore, would be ill advised and potentially ineffective.

In other areas, Gorbachev's attempt to restore the moral fabric of Soviet society is also laudable and should be supported. If anything has been proven from the 72-year Soviet experiment, it is the fact that man is not innately good and altruistic. Without a clear belief in something larger than self--Marxism could not replace God and the "new Soviet man" proved only to be out for himself--no society can begin to get beyond basic hedonism, much less strive to cure the social ills that infect our world today. Gorbachev's attempt to use religion as a means by which to re-instill values in Soviet citizens can only work to the ultimate good;

and, as the apostle Paul said in his letter to the Philippians--some of whom were also using religion to further their own interests--"the important thing is that in every way, whether from false motives or true, Christ is preached."⁷² But morality is not Gorbachev's fundamental concern. Part of his revolution is to create incentives and a work ethic. The Soviet labor force has, by and large, dropped out. An irony of history is that the Soviets have reversed the Marxist promise of abundance accompanied by a withering away of the state. The state and its privileged apparat have prospered as the people have withered away in cynical disillusionment with a system that has failed to meet even their basic needs. The additional irony is that the very religion that Marx and all the Soviet leaders have tried to eradicate may be the essential ingredient in Gorbachev's recipe for moral *perestroika*.

In the area of arms control, reductions in military spending and reductions in the size of potentially opposing forces--both conventional and nuclear--serve only to lower the potential for worldwide disaster as a result of political miscalculation. The trick, however, is to achieve those reductions in such a fashion that real security is maintained and on more than just a bilateral level. In this regard, defensive doctrine must be more than just rhetoric. A 50 percent reduction in the size of the

Soviet Army alone could still leave over 100 divisions at varying levels of operational preparedness from cadre to fully operational. Strategic arms reductions, even on a bilateral level, are a step in the right direction. However, the lower both superpowers go in the numbers of strategic systems without a corresponding, multilateral reduction among the other members of the nuclear "club," the more unstable the situation could become as other nuclear powers see the comparative political value of their now, nearly-equal nuclear arsenals and non-nuclear powers see the value in acquiring them. With the addition of some sort of defensive shield--for all nuclear powers--against attacks with lower total numbers of nuclear delivery vehicles (deliberate or otherwise) we will probably have gone as far as we can toward putting the nuclear genie back in the bottle.

On the conventional side, provision of arms to third-world clients--as a by-product of arms reduction--while assisting the superpowers in keeping open tank production lines or ameliorating the effects of years of deficit spending, may serve only to transfer the instability to other regions of the world where our vital interests may become threatened in the future. Arms reductions in Europe must lead to broader discussions of arms control and reductions in those areas of the world where

governments still demonstrate a willingness to use force as a means by which to resolve disputes.

None of these options comes without a price tag. Ironically, just as the opportunities to assist freedom are cropping up all over the globe, whether serendipitously or not, the United States finds itself in a position of relative economic impotence. At the end of World War II, the United States accounted for over 40 percent of the world's GNP and the Marshall Plan was the answer to Europe's ills. In 1990, the United States is no longer in a position where it can afford to answer all the calls of worthy nations. We are forced to identify priorities in terms of global interests that may cause us to lose influence in areas of the world where we can not afford to do so.

Whether or not one believes that the position in which we find ourselves is the result of *perestroika* and the Soviet political decisions to release the "outer empire" and withdraw from open confrontation with the West, the challenges remain the same: can we live with the economic implication of *perestroika*; how can we assist these emerging democracies; and, how can we maintain our political and economic access to countries in areas where regional economic integration seems to be on the rise?

Of primary concern is the distribution of available tax dollars in an environment of no new taxes and a national sentiment that does not necessarily support foreign-aid spending. The current Administration has already suggested a multilateral approach using existing, multinational financial institutions such as the International Monetary Fund (IMF) and the World Bank. There are two distinct advantages to using these institutions: first, it allows contributing nations to "leverage" their investment. Unlike direct investment--where a dollar of investment nearly equals a dollar of support--for every dollar that is contributed through the IMF, more than a dollar's worth of support is provided, thus maximizing the available dollars for foreign investment by a government. Secondly, if all those countries interested in the rebuilding of Eastern Europe and the Soviet Union participated in this multinational approach, some degree of discipline could be exacted over the process itself. For instance, right now it is the Soviet Union which controls the number and type of joint ventures in which she chooses to participate. As long as there is some country or company willing to participate in the joint venture, it can develop. Without some sort of multinational agreement or opinion on the permissibility of Soviet or East European intrusion into a particular market, there is no hedge against near-term attempts to enter,

and possibly dominate, specific markets in which long-term Soviet participation may not be desirable. This particular approach could be challenged as some new form of "colonialism"; however, I maintain that it is just good business sense to understand the long-term strategy of the competition and then work to ensure that one's market share is not threatened.

Additionally, without some sort of unified approach to dealing with Eastern Europe, each investor nation will operate out of its own vested self interest, perhaps returning to strategies that encourage spheres of influence rather than global integration. Unfortunately, the limited amount of investment capital available is forcing a regional, rather than a global outlook for most creditor nations. This is not necessarily bad unless one considers the potential loss of influence--and possible loss of market access--that could result from a meager or token investment presence by a superpower such as the United States. It is clear that increased investment from West to East means potentially less available to invest North to South. If we have concluded that tranquil southern borders are a vital national interest and that economic deprivation leads to social unrest and instability, then can we afford not to invest our limited dollars in a North-South strategy in order to prevent having to use

military force at some time in the future to quell the unrest generated as a result of economic deprivation?

Similarly, can we afford the loss of influence in Europe and the Middle East that would result from an exclusively or predominately North-South, foreign-aid strategy? The answer is clearly no. We cannot ignore --or be ignored by--the European Community whose 12-member collective GNP is second only to our own and closing rapidly. With the addition of the Eastern European nations, and possibly the Soviet Union at some time in the future, to a common European economic union, the collective economic potential represented by such a group significantly surpasses our most liberal growth estimates for ourselves.

The United States is in a difficult position; our productivity is not growing as fast as our major competitor nations' and our overall competitiveness appears to be slipping. We have allowed short-term, go-for-the-cash, types of decisions to become characteristic of our corporate business strategies, and thus have found ourselves resorting to such tactics as Japan bashing as a means by which to correct for our short sightedness and lack of competitiveness in certain markets. Granted, the Japanese and others do employ non-tariff means by which to ensure their

own economic edge, but the answer to that sort of strategy is government-to-government diplomacy, not racism and neo-isolationism.

Is *perestroika* a grand plan to bring about--for the first time--a truly Communist state, or is it just a smart, long-term strategy that looks beyond the tactics of the day-to-day struggle of nations? Whatever it really represents in theory, in practice *perestroika* may not be successful. Circumstances beyond Gorbachev's control--and the "science" of Marxism--may cause the U.S.S.R. to revert to a state more characteristic of the Soviet Union we have known for many years, or to evolve into some new configuration the foundation of which may be based upon political compromise or even a new ideology.

Because its energy will be internally focused, the Soviet Union is not likely to represent either a military or an economic threat to the United States for the near term (5-7 years); however, this does not mean that peace and stability will naturally and logically replace the Cold War we have known for the last 45 years. For at least the next decade, our greatest challenges will most likely come from the regional instability created by the Soviet Union's withdrawal from an openly confrontational foreign policy and from the growing trend toward regional economic integration. Unless we proceed very carefully, we could find ourselves

excluded from the new Europe and isolated from the dominant economic power in Asia--Japan. Were that to be the case, then we could conceivably find ourselves in the very sort of economic predicament that Marx forecast nearly a century-and-a-half ago; a predicament of economic isolation. With this in mind, our policies should take into account the actual changes in the Soviet Union--keeping in mind the stated objectives of *perestroika* and the ideology that Gorbachev has never renounced--but be based on the more proximate threats to our interests, as well as the opportunities, represented by democratic reforms and efforts toward regional, economic integration in Europe, Latin America, and Asia.

ENDNOTES

1. *Pravda*, 21 July, 1989, p. 1; cited in Jerry F. Hough, "Gorbachev's Politics," *Foreign Affairs* Winter 1989/90, p. 34. Emphasis added.
2. Some of the most notable writers, although not necessarily representing large constituencies, are: Francis Fukuyama in "The End of History?" *The National Interest* (Summer 1989) where he concludes that the Cold War is over and the West has brought about the end of communism; Judy Stone, in *The Coming Soviet Crash: Gorbachev's Desperate Pursuit of Credit in Western Financial Markets* (New York: The Free Press, 1989), concludes that *perestroika* and *glasnost* are simply ploys to dupe the West into financing Soviet restructuring after which Moscow will return to its old expansionist ways; and, Jerry F. Hough in "Gorbachev's Politics," *Foreign Affairs* Winter 1989/90 who opines that Gorbachev has been operating from a policy of controlled chaos which is designed not simply to strengthen his political power for the sake of power, but rather to maintain power while he transforms the USSR--along some fairly precise timetables--and unites Europe, the Soviet Union, and the United States and Canada into a benign, common European home.
3. Mikhail Gorbachev, *Perestroika: New Thinking for Our Country and the World*, New York, Harper and Row, 1987, p. 10. Emphasis added.
4. *Ibid.*
5. Gorbachev, p. 37.
6. See, for example, Gorbachev's address to leading economists "Promoting the Economic Reform. Conference at the CPSU Central Committee," on 30 October, 1989 in *Pravda*, p. 1:2, excerpted in *Daily Report, Soviet Union*, Foreign Broadcast Information Service (FBIS), 30 October 1989, p. 51.
7. Gorbachev, p. 45 and 163.
8. *Ibid.*, p. 41.
9. *Ibid.*, p. 37.

10. *Ibid.*, pp. 25-26. Emphasis added.

11. *Ibid.*, p. 47; see also "Private Ownership: For and Against," *Izvestiya* letters department, 28 November 1989, (Morning Edition) p. 2, in *Daily Report, Soviet Union*, FBIS, 5 December 1989, p. 96; and D. Sorokin, "Restructuring Property Relations: Socialist Choice"; *Ekonomicheskaya Gazeta* No. 52, December 1988, p. 15.

12. Sorokin, p. 15, ff.

13. Gorbachev, p. 42.

14. Since the early 1970s, the United States has developed and deployed weapons that have demonstrated a clear technological advantage. Some of the most notable included the enhanced radiation warhead--subsequently withdrawn from Europe after a massive campaign against it waged by the Soviets--ground launched cruise missiles (GLCM), and improved conventional munitions as well as other "smart" weapons. In addition, the technology associated with the Strategic Defense Initiative (SDI) has caused the Soviets to be concerned about yet another generation of weapons--albeit defensive--that would force them to continue to spend a disproportionate share of their GNP on defense.

15. Eduard Shevardnadze, "Is *Perestroika* A Soviet Version of the New Deal?" *The Washington Post*, 8 October 1989, p. C1.

16. Gorbachev, p. 35.

17. *Ibid.*, p. 110.

18. *Ibid.*, p. 111.

19. *Ibid.* Emphasis added.

20. *Ibid.*, p. 112.

21. *Ibid.* Emphasis added.

22. See for example: Vladimir Il'ich Lenin, "The Right of Nations to Self-Determination," in *The Lenin Anthology*, ed. by Robert C. Tucker, New York: W.W. Norton & Company, Inc., 1975, pp. 158-159, 160-161. Emphasis added

"...The question at issue is the national program of the Marxists of a definite country--Russia, in a definite period--the beginning of the twentieth century...what are the concrete features of the national question and the national movements of that particular country in that particular period?...[W]hat historical stage in the development of capitalism [is] Russia passing through at the beginning of the twentieth century, or what [are] the specific features of the national question in this country[?]

A comparison of the political and economic development of the various countries, as well as of their Marxist programs, is of tremendous importance from the standpoint of Marxism, for there can be no doubt that all modern states are of a common capitalist nature and are therefore subject to a common law of development. But such a comparison must be drawn in a sensible way. The elementary condition for comparison is to find out whether the historical periods of development of the countries concerned are at all comparable. For instance, only absolute ignoramuses...are capable of "comparing" the Russian Marxist agrarian program with the program of Western Europe....

The same applies to the national question. In most Western countries it was settled long ago. It is ridiculous to seek an answer to nonexistent questions in the programs of Western Europe....--the difference between countries where bourgeois-democratic reforms have long been completed, and those where they have not...The crux of the matter lies in this difference.

The epoch of bourgeois-democratic revolutions in Western, continental Europe embraces a fairly definite period, approximately between 1780 and 1871... When this period drew to a close, Western Europe had been transformed into a settled system of bourgeois states, which, as a general rule, were nationally uniform states.

In Eastern Europe and Asia the period of bourgeois-democratic revolutions did not begin until 1905. And only a blind man could fail to see in this chain of events the awakening of a whole series of bourgeois-democratic national movements which strive to create nationally independent and nationally uniform states. It is precisely through this period that we must have a clause in our program on the right of nations to self-determination."

23. *Ibid.*, p. 163, 160, 163, 154. Emphasis added.

"The peculiar conditions in Russia with regard to the national question are just the reverse of those we see in Austria. Russia is a state with a single national center-- Great Russia. The Great Russians occupy a vast, unbroken stretch of territory, and number about seventy million. The specific features of this national state are: first, that "subject peoples"-- ...57 percent [of the population]--inhabit the border regions; secondly, the oppression of these peoples is much greater here than in the neighboring states...; thirdly, in a number of cases the oppressed nationalities inhabiting the border regions have compatriots across the border, who enjoy greater national independence... [e.g.] the Finns, the Swedes, the Poles, the Ukrainians, and the Rumanians...; fourthly, the development of capitalism and the general level of culture are often higher in the non-Russian border regions than in the center. Lastly, it is in the neighboring Asian states that we see the beginning of a phase of bourgeois revolutions and national movements which are spreading to some of the kindred nationalities within the borders of Russia.

...[I]f in a country [Russia] whose state system is distinctly pre-capitalist in character there exists a nationally demarcated region where capitalism is rapidly developing, then the more rapidly that capitalism develops, the greater will be the antagonism between it and the pre-capitalist state system, and the more likely will be the separation of the progressive region from the whole--with which it is connected, not by "modern capitalistic," but by "Asiatically despotic" ties.

...Thus, it is precisely the special concrete, historical features of the national question in Russia that make the recognition of the right of nations to self-determination in the present period a matter of special urgency in our country.

...Consequently, if we want to grasp the meaning of self-determination of nations, not by juggling with legal definitions, or "inventing" abstract definitions, but by examining the historico-economic conditions of the national movements, we must inevitably reach the conclusion that the self-determination of nations means the political separation of these nations from alien national bodies, and the formation of an independent national state...[I]t would be wrong to interpret the right to self-determination as meaning anything but the right to existence as a separate state,...i.e., the right of an oppressed nation to secede."

24. *Ibid.*, p. 157-158

- 25 Gorbachev, "Promoting the Economic Reform. Conference at the CPSU Central Committee," p. 1:2.
- 26 Lenin, p. 179. Emphasis added.
- 27 In ground forces alone, the Soviet Union has some 200+ divisions in various states of operational readiness from cadre status to fully operational; the United States has 28.
- 28 *Defense* 89, "Almanac," September/October 1989, p. 19.
- 29 *Soviet Military Power: Prospects for Change 1989*, Washington, DC: Department of Defense, 1989, p. 32.
- 30 Phillip Merrill, "How the Soviets Are Fooling Themselves," review of Henry S. Rowen and Charles Wolf, Jr., eds., *The Impoverished Superpower: Perestroika and the Soviet Military Burden*, (San Francisco: Institute for Contemporary Studies, 1990), in *The Wall Street Journal*, 30 March 1990, p. A 15.
- 31 Steven Rosefielde, "Assessing Soviet Reforms in the Defense Industry," *Global Affairs*, Fall 1989, p. 61.
- 32 Lewis W. Bowden, "Perestroika in the Soviet Union and Western Involvement," Washington, DC: The Atlantic Council of the United States, August 1989, p. 52-57.
- 33 *Ibid.*, p. 57.
- 34 Peter Gumbel, "Soviets Planning Economic Zones to Draw More Foreign Investment," *The Wall Street Journal*, 2 May 1989, A 3:1
- 35 Bowden, p. 57.
- 36 *Ibid.*, p. 58
- 37 *Ibid.*, p. 57

38. "Accelerating the Economy's Recovery: USSR's Socioeconomic Development in 1989," *Pravda*, (second edition) pp. 1-3, quoted in FBIS-SOV 90-019, 29 January 1990, p. 118.
39. B. Tuyukin, "Joint Ventures: The Hopes and Actual Yield," *Pravitelstvennyy Vestnik*, No 5, January 1990, p. 10, quoted in FBIS-SOV 90-030, 13 February 1990, p. 107.
40. *Ibid.*
41. *Ibid.*
42. B. Kheyfets, "Joint Ventures: Paradoxes of Cooperation," *Trud*, 8 February 1990, p. 3, quoted in FBIS-SOV 90-033, 16 February 1990, p. 98.
43. Tuyukin, p. 107. Emphasis added.
44. *Ibid.*
45. *Ibid.*, p. 108. Emphasis added.
46. Gorbachev, *Perestroika: New Thinking for Our Country and the World*, p. 51.
47. David Remnick, "Soviets Weigh Radical Economic Reform Plan," *The Washington Post*, 20 March 1990, p. A 25.
48. *Ibid.*
49. Gorbachev, *Perestroika: New Thinking for Our Country and the World*, p. 195.
50. *Ibid.*, p. 196.
51. *Ibid.*
52. *Ibid.*
53. *Ibid.*, p. 198.

54. *Ibid.*, p. 208.
55. *Ibid.*
56. *Ibid.* Emphasis added.
57. *Ibid.*, p. 197.
58. Hough, p. 40.
59. Gorbachev, *Perestroika: New Thinking for Our Country and the World*, p. 167.
60. *Ibid.*, p. 167. Emphasis added.
61. Quoted in *Daily Report, Soviet Union*, FBIS-SOV 90-024, 5 February 1990, p. 116.
62. *Ibid.*
63. Nikolai Ryzhkov, "CEMA: On the Verge of Great Changes," *Pravda* (second edition), 10 January 1990, p. 2, in FBIS-SOV 90-007, 10 January 1990, p. 10.
64. Andrei Orlov, text of TASS radio broadcast, quoted in FBIS-SOV 90-026, 7 February 1990, p. 45.
65. Eduard Shevardnadze (quoted by TASS) in *Daily Report, Soviet Union*, FBIS-SOV 89-241, 19 December 1989, p. 30.
66. *Ibid.*, p. 29.
67. *Ibid.*, p. 30. Emphasis added.
68. Yu. Kovalenko, "Francois Mitterrand: Building a New Europe," *Izvestiya*, (morning edition) 3 January 1990, p. 1, in FBIS-SOV 90-004, 5 January 1990, p. 5.
69. *Ibid.*

70. *Ibid.*

71. *Ibid.*

72. *The Bible*, Philipians 1:18.